

PROTECTING CONSUMERS AND PROMOTING RENEWABLES

Welcome to the Spring newsletter

Dear RECC Member,

Welcome to the Spring edition of the RECC Newsletter. In this edition we invite you to nominate yourself for the Installer of the Year Award at the British Renewable Energy Awards at the end of June. We highlight some initiatives Ofgem has taken to boost demand for heat pumps among domestic homeowners, and we set out details of Government initiatives unveiled at the end of March to pave the way towards reaching Net Zero. Please note that the Boiler Upgrade Scheme has been extended to 2028.

I wish you a productive few months ahead.

Virginia Graham (editor)



RECC to sponsor BREA Installer of the Year Award

This year's British Renewable Energy Awards (BREAs) will be the 18th to be held, with the first having been held in 2006 to recognise the brilliant work of those pushing for change – or 'Game Changers'.

The Awards are organised by REAL's parent company, the Association for Renewable Energy and Clean Technology (REA). The BREAs are now the highlight of the renewable energy calendar. The Awards honour the organisations and individuals that have enabled the sector to do the amazing work we see today as we push for Net Zero by 2050.

RECC sponsors the Installer of the Year Award which recognises one of its members who has excelled in what it has achieved, taking into particular account commitment to high standards of consumer protection. If you think your company matches this description, we encourage you to enter yourselves.

The 2023 Award Ceremony and Gala Dinner will take place back in London at the JW Marriott Grosvenor House Hotel, Park Lane, in the heart of Mayfair, on 23rd of June. For a hard-working, highly committed industry that's faced more than its fair share of challenges, this is one night of celebration and glamour.

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BRITISH
RENEWABLE
ENERGY
AWARDS 2023

23RD JUNE 2023
GROSVENOR HOUSE HOTEL, LONDON W1

Government consults on extending VAT relief to battery storage

Government is considering expanding the VAT relief available for the installation of additional energy saving materials (ESMs) in domestic homes in Great Britain and Northern Ireland. This would help improve the energy efficiency of homes and reduce energy consumption as part of the move to reach Net Zero gas emissions by 2050.

The expansion of VAT relief was originally announced in the Spring Budget 2022. This latest call for evidence seeks views on two potential areas for reform in response to further requests to make the relief more effective and easier to access. Government is seeking views on which technologies should be included in the scheme and whether the relief should be re-introduced for charity buildings.

When the relief was introduced in 1998 it applied only to insulation and central heating and hot water system controls. Now it includes solar panels, wind and water turbines, ground and air source pumps, micro combined heat and power units and wood-fuelled boilers.

Government is considering adding other technologies such as electrical battery storage to that list providing that they meet the three

objectives of ESMs, namely:

- their primary purpose must be to improve energy efficiency and reduce carbon emissions
- they must be demonstrably cost effective
- they should not undermine broader VAT principles as this would risk creating

uncertainty and complexity for taxpayers and HMRC and, possibly, legal disputes.

Government is also considering reinstating VAT relief on installations of ESMs in buildings used solely by charities for a relevant purpose outside their normal course of business. This relief was withdrawn because it was not compatible with EU law but may be restored.

Responses to the consultation should be sent to the VAT Reliefs Team by 31 May. The Government is hoping to hear from businesses, individuals and representative bodies.

Responses can be submitted online esmcf2023@hmrc.gov.uk or by post to:

HM Revenue and Customs, VAT Reliefs Team B7 25, 7th Floor, 14 Westfield Avenue, Stratford, London E20 1HZ.

Government stresses vital role of heat pumps in achieving Net Zero

Government has underlined the vital role that heat pumps will play in achieving Net Zero in its recently published "Heat Pump Investment Roadmap".

Over a third of UK carbon emissions come from heating and over 30 million homes and businesses will need to be decarbonised in order to achieve Net Zero by 2050. Heat pumps can reduce carbon emissions by up to 70% and are more cost effective than other low carbon heating technologies.

The demand for heat pumps is expected to increase rapidly. The total installed by 2025 is likely to be around 1 million and by 2030 this will rise to 4 million, reaching 11 million in 2035. The market should grow to 600,000 installations a year by 2028 and up to 1.9 million a year by 2035.

New regulations to phase out fossil fuel heating in homes and businesses will assist this change as will public investment of over £12 billion through grant programmes such as the Boiler Upgrade Scheme. A Clean Heat Market Mechanism will be introduced in 2024 and this will provide confidence to investors from around the world regarding the sustained growth of the UK heat pump market.

In addition, up to £30 million will be made available through the Heat Pump Investment Accelerator Competition—a new initiative to support private sector investment in heat pump and component manufacturing in the UK.

In order to ensure that the UK workforce has the skills needed by the low carbon industry a £5 million Heat Training Grant will be introduced this month to support around 10,000 training opportunities in England. Other opportunities are supported by the Home Decarbonisation Skills Training Fund which has provided £15 million since 2020, and a variety of apprenticeships and other training programmes such as the Lifetime Skills Guarantee designed to help workers gain the skills they need to transition to the green economy.

Overall it is estimated that up to £1 billion will be invested in the heat pump manufacturing industry by companies currently supplying the fossil fuel boiler sector as well as those already manufacturing heat pumps and new entrants to the market. You can find more information here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1148930/heat-pumps-

Ofgem holds forum on the Boiler Upgrade Scheme

In March Ofgem held a forum on the Boiler Upgrade Scheme (BUS). It reported that the number of active installers registered on the scheme had increased to 1,026 by the end of February 2023. Ofgem reported it had received a total of 14,446 voucher applications and 12,489 had been issued.

The total number of redemption applications received by the end of February 2023 was 9,509, of which 9,050 vouchers had been redeemed and 8,985 payments completed. Ofgem reported that, typically, the team was taking fewer than 3 days to consent to voucher applications, fewer than 5 days to issue vouchers and fewer than 5 days to process voucher redemption applications.

As far as the creation of accounts was concerned, Ofgem reported it was still having problems with validating details required for the MCS, particularly with mismatches between business name and address and additional users or third parties making applications which should have been made by authorised representatives.

When it came to voucher applications the main problems came from Experian check failures relating to the accuracy of property owner details and the lack of supporting documentation.

Phil Hurley, Chair of the Heat Pump Association (HPA), said that they were keen to generate publicity through exhibitions,

literature, promotions and public relations. HPA had also introduced two Ofqual approved training courses about heat pumps and low temperature heating systems.

The forum concluded with an update from the MCS. By the end of 2022 there were 180,000 installations registered - up

The Southwest saw the highest number of BUS installations (20% of the total) closely followed by the Southeast with 18% and the East with 14%. The lowest percentages were the Northeast (3%), London (4%) and Wales (6%).

Almost all (97%) of the installations were air source heat pumps with only 2% ground or water source heat pumps and only 1% biomass boilers.

MCS had reviewed contractor attitudes to BUS in August 2022. This revealed that the online application system needed to be made easier, possibly with an app-based option. Contractors also recommended that the size of the grants available be increased to make renewable energy more affordable and that the grants should be made directly to homeowners.

Contractors also suggested that the Government should launch an advertising campaign to promote the BUS and renewable heating and expand the scheme to include solar thermal technology, insulation costs and combination systems using a separate source for hot water.

Government launches new electric vehicle charging fund

The Local Electric Vehicle Infrastructure (LEVI) Fund provides £381 million to support local authorities in England to install chargepoints for residents who do not have off-street parking. A further £15 million is available under the On-Street Residential Chargepoint Scheme.

Local authorities can apply for capital funding to support chargepoint

delivery and capability funding to ensure that they have the staff and capability to deliver the chargepoint infrastructure. Funding is available for the financial years 2023 to 2024 and 2024 to 2025.

Details of how to apply for the funding are available on the Energy Saving Trust website: <https://energysavingtrust.org.uk>



Ofgem publishes list of SEG suppliers

In March Ofgem published the list of licensed suppliers participating in the fourth year of the Government's Smart Export Guarantee (SEG) scheme. This scheme was launched on 1 January 2020 and requires the licensed suppliers to pay some small-scale generators for low-carbon electricity exported back to the National Grid.

The scheme applies to suppliers whose installations use solar photovoltaic (solar PV), wind, hydro or anaerobic digestion (AD) technologies with a capacity of up to 5MW. The cap for suppliers using micro combined heat and power (micro-CHP) is 50kW.

Only installations located in Great Britain are eligible and there are certain criteria that need to be met.

SEG Licensees decide on the rate to be paid to the SEG Generators, as well as the length of contract and other terms. Tariff rates must always be above zero and payments are calculated by using export meter readings. Generators are free to shop around for the best rates.

The Mandatory SEG Licensees (those with at least 150,000 domestic electricity customers) from 1 April 2023 to 31 March 2024 are:

- British Gas
- E (Gas and Electricity)
- E.ON
- EDF
- ESB
- Octopus Energy
- OVO Energy
- Scottish Power
- Shell Energy
- The Utility Warehouse
- Utilita

The Voluntary SEG Licensees (those with fewer than 150,000 domestic electricity customers) are:

- Positive Energy
- Rebel Energy

Guidance for SEG Licensees and SEG Generators is available on the Ofgem website <https://www.ofgem.gov.uk>

Government updates Green Finance Strategy

The following five key objectives Government has issued an updated Green Finance Strategy:

1. Providing more support to help financial services grow and increase their competitiveness in the global green market.
2. Encouraging private investment in the green economy which is estimated to require an additional £50 to £60 billion capital investment each year during the late 2020s and 2030s.
3. Establishing an effective green finance network to provide the information needed to manage the risks from climate change and nature loss.
4. Incorporating both nature and climate adaptation into the green finance policy framework.
5. Aligning global financial flows with nature and climate objectives by collaborating with international partners and stimulating investment in emerging and developing markets which have the highest capital needs.

The Government is confident that this updated strategy will enable the UK to maintain its leading role in the international green finance sector.

Among other initiatives included in the strategy are plans to commission an industry-led market review to explore ways to enhance the UK's position and enable it to become the best place in the world to raise transition capital. The Government will also consult the industry on the introduction of requirements for the UK's largest companies to disclose any transition plans and the delivery of a UK Green Taxonomy to establish which economic activities should be labelled as green.

A series of net zero investment roadmaps will be published in 2023 and a further roadmap to guide nature positive investment in key sectors in 2024. And in September 2023 the Government will be hosting the Global Investment Summit where it hopes to strengthen green finance partnerships with other countries around the world.

You can find more information here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1149690/mobilising-green-investment-2023-green-finance-strategy.pdf

Government issues blueprint: 'Powering Up Britain'

Government has published its blueprint for the future of energy in this country.

"Powering Up Britain" combines the Energy Security Plan and the Net Zero Growth Plan to explain how it will diversify, decarbonise and domesticate energy production by investing in renewables and nuclear energy to ensure that British energy requirements can be met by British suppliers.

The impact on energy markets of Russia's invasion of Ukraine highlighted the dangers for Britain of relying on energy sourced from abroad. The Government has acknowledged these risks and made a series of announcements aimed at ensuring a safe and adequate supply of energy produced in Britain.

Among these announcements are:

- a commitment to carbon capture usage and storage
- investing £160 million in the floating offshore wind industry
- investing £240 million in the Net Zero Hydrogen Fund to support new green projects

- providing £205 million to encourage investment in renewable electricity under the Contracts for Difference scheme
- setting up Great British Nuclear – an organization responsible for the delivery of new nuclear projects with the aim of providing 25% of the UK's electricity from nuclear sources by 2050
- reforming the planning process to make it easier to deliver solar power and offshore wind projects
- investing more than £380 million in electric vehicle charging points
- a new £30 million Heat Pump Investment Accelerator to reduce the use of fossil fuels
- encouraging householders to make their homes more energy efficient through the Great British Insulation Scheme
- extending the Boiler Upgrade Scheme until 2028
- creating a new government department for Energy Security and Net Zero.

You can find more information here: <https://www.gov.uk/government/publications/powering-up-britain>

Government responds to Mission Zero Report

On 30 March, on the same day Government issued its 'Powering Up Britain' blueprint (see above), it also published its response to the 129 recommendations set out in the Mission Zero Report published at the end of 2022 by former Energy Minister, Chris Skidmore MP. In its response Government states:

'We agree with the Review's conclusion that Net Zero is the growth opportunity of the 21st Century and could offer major economic opportunities to the UK – but that decisive action will be needed to seize these.'

The Report recommended that Government regulate through a suite of measures to create the conditions for sustained growth of new markets for low-carbon heat, specifically the installation of 600,000 heat pumps by 2028. Further it recommended that the Government should implement the off-

gas grid regulations that envisage the end of new and replacement fossil fuel heating systems in the mid-2020s.

In its response Government has said that it is putting in place a number of measures to achieve heat pump installation ambition by 2028, including plans for regulations. This includes regulating for the Clean Heat Market Mechanism which, it says, will help transform the heating appliance market in the UK. Further Government pointed out that it has consulted on phasing out new and replacement fossil fuel heating systems for off gas grid properties and confirmed that it will respond to these consultations.

You can find the full response here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147370/responding-to-independent-review-of-net-zero.pdf